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FISCAL IMPACT STATEMENT

LS 6548

BILL NUMBER: SB 313

NOTE PREPARED: Dec 6, 2004

BILL AMENDED:

SUBJECT: Surplus Funds Held By Candidate's Committee.

FIRST AUTHOR: Sen. Antich-Carr

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: The bill allows a retiring state, legislative, local, or school board officeholder to use surplus contributions received by the officeholder's candidate's committee for personal purposes if the officeholder pays the applicable taxes on the amounts used.

Effective Date: July 1, 2005.

Explanation of State Expenditures:

Explanation of State Revenues: *Summary:* Under the bill, a retiring officeholder would be allowed to use surplus contributions net of expenses in their candidate committee for personal use. An officeholder that would elect to use surplus contributions would increase their taxable income and be subject to the Indiana Adjusted Gross Income Tax.

Under current law, a state or local candidate's committee treasurer may disburse contributions to (1) defray any expense reasonably related to the legal political activities of a candidate's committee described by law or (2) make an expenditure to another candidate's committee or the committee of a political party at the national, state, or local level.

If a committee is dissolved, money in a candidate's committee may be disbursed to (a) one or more regular party committees, (b) one or more candidate's committees, (c) the Indiana Election Division, (d) an organization exempt from federal income taxation, or (e) contributors to the candidate's committee on a pro-rata basis.

If a disbanding committee does not wish to disburse contributions under points (a) through (e), the committee may disburse the contributions under points (1) and (2) above.

Background: The first 65,000 contributions to candidates for state office pulled from the Indiana Election Division Campaign Finance Database indicates that the average contribution was \$580 from the period of January through October 2004. During the same time period, state candidate expenditures showed an average expenditure of about \$1,900.

Penalty Provision: A violation of the bill's provisions for personal use of surplus campaign contributions would be a Class A infraction. The maximum judgment for a Class A infraction is \$10,000, which would be deposited in the state General Fund. However, any additional revenue is likely to be small.

Explanation of Local Expenditures:

Explanation of Local Revenues: *Penalty Provision:* If additional court actions are filed and a judgment is entered, local governments would receive revenue from court fees. However, any additional revenue is likely to be small.

State Agencies Affected: Indiana Election Division, Department of State Revenue.

Local Agencies Affected: County election boards; trial courts; local law enforcement agencies.

Information Sources: Indiana Election Division, Campaign Finance Database:
www.indianacampaignfinance.com/INPublic/inDownloadData.aspx .

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